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RESOURCE
EXPLORATION &
DEVELOPMENT
COMPANY LIMITED

Annual Report

FOR THE YEAR ENDED DECEMBER 31, 1968

Resource Exploration & Development Company Limited

Head Office:

Suite 2314, 401 Bay Street,
Toronto.

Officers:

James B. Goad
President

Marilyn A. Eriksen
Secretary

Directors:

James B. Goad	-	-	-	-	-	-	-	-	-	Toronto
C. Edward Goad	-	-	-	-	-	-	-	-	-	Toronto
Wayne H. W. Latta	-	-	-	-	-	-	-	-	-	Toronto

Auditors:

Stowar & Silburn
Public Accountants,
Toronto

Transfer Agent
and Registrar:

Canada Permanent Trust Company,
Toronto

Bankers:

Bank of Montreal,
King & Yonge Branch, Toronto

Annual Meeting
of Shareholders:

Monday, June 30, 1969
9:30 a.m.
Suite 2314, The Simpson Tower,
401 Bay Street, Toronto, Ontario.

Resource Exploration & Development Company Limited

To the Shareholders:

Your Directors are pleased to report on the activities of your Company for the year ended December 31st, 1968, and up to the date of this report in 1969.

Registered shareholders of record August 22nd, 1968, should have received a comprehensive review of the activities of the Company in the Company's Semi-Annual Report. To these shareholders, some of the following material may be repetitive.

REDCO has continued to progress. We draw particular attention to the Space-Pak investment, and that REDCO will soon again be actively exploring for minerals through its subsidiary, Rambler Exploration Company Limited, we have enclosed a copy of the Annual Report of Rambler.

NEW VENTURES:

Rambler Exploration Company Limited

REDCO owns 720,000 escrowed shares of Rambler Exploration Company Limited, out of a total issued capital of 988,273 shares. The cost to REDCO of this position was \$2,800.00, having a present theoretical current break-up value of over \$20,000.00. Rambler is embarking on an interesting exploration project, details of which can be learned from the enclosed annual report of Rambler.

REDCO has agreed to donate 300,000 of its escrowed shares of Rambler to acquire this property, if results from exploration work over the next two years warrant acquisition. Should the exploration work fail to justify the acquisition of the property. REDCO's Rambler position will remain intact and will only be diluted to the extent of the new financing that is proposed for Rambler.

Industrial Washing Equipment Limited

In the course of the last six months, your Company has participated with an associated company in advancing funds to Industrial Washing Equipment Limited, a company specializing in the design and construction of pollution control equipment. Sales and developments failed to increase adequately to justify our exercising our option to acquire an equity position, and the advances will have to be written off. The company has since ceased business. Knowledge obtained will enable the transfer of certain key personnel to a new company to be managed by Upper Canada Manufacturing Ltd. a successful machinery manufacturer. Your Company plans to advance further funds to this new company along with associated interests.

Froats Aviation Limited

Your Company has invested \$5,000.00 for a 25% interest, and agreed to provide certain bank guarantees to Froats Aviation Limited, with associated interests. Froats Aviation are distributors for Mooney Aircraft in Eastern Canada, a widely respected aircraft manufacturer in Kerrville, Texas.

Mt. Laurier, Province of Quebec

REDCO acquired by staking a 37½% interest in 96 claims in the Mt. Laurier Uranium area of the Province of Quebec. This staking covers ground geologically similar to the Johns-Manville uranium discovery in the area. As the ground was snow covered at the time, little more is known about the property at this time, although an independent consultant, J. C. Honsberger, P.Eng., has

reported favourably on the ground. Since staking, Johns-Manville has reported somewhat discouragingly on their property. Subsequently Capri Mining Corp. Ltd. intersected ore grade material in a number of diamond drill holes on a property near to REDCO's holdings.

Foster Township, Sudbury Mining Division

REDCO has a 17½ % interest in a grubstake assembled by Ernest J. Rivers which staked 42 claims on a nickel showing.

OTHER VENTURES

Joseph G. Kilgour Grubstake (1968) and Joseph G. Kilgour Grubstake (1969)

REDCO has contributed its pro rata share towards a geophysical exploration program on the claims held in the Tavani-Kaminak region of the North West Territories. The Company has also contributed towards the participation in Mr. Kilgour's 1969 venture.

Monashee Petroleum Venture

REDCO owns a 16% interest in a Syndicate which purchased 5 small oil wells from Triad Oil Company, Province of Saskatchewan. The wells have been rehabilitated and re-worked, and while a positive cash flow is now being realized, production is not yet up to expectations.

Palco Exploration Limited

It was noted in the semi-annual report that REDCO had acquired a 1/25th interest in a Syndicate put together to finance Palco Exploration Limited. In June 1969, REDCO contributed a further \$1,500.00 conditionally, which will increase our relative position in the Syndicate.

Peel Taxi

REDCO holds an interest through an associated company in Peel Taxi, the largest taxi-cab company in the western suburbs of Toronto. Population and growth in the area is substantial and the company appears to be prospering and has commenced to pay dividends.

Clement & McBeth Townships — Sudbury Mining Division

REDCO has a 40% interest in 40 claims in Clement and McBeth Townships in association with Ernest J. Rivers. The ground was staked on the belief that norite formations associated with nickel deposits in Sudbury are present. A large number of claims have been staked around us, and a major U.S. mining company has been carrying out work. Our associated group has done an assessment work program on the claims.

Space-Pak International Limited — (Inland Homes of Canada)

It was noted in the semi-annual report, that Space-Pak International Limited was to be underwritten at \$3.00 a share, and this was successfully completed in February 1969. The market for the stock is currently about \$10.00 a share and warrants about \$6.00. Prospects for the company appear most favourable. Your Company currently holds 3,000 common shares and 11,566 warrants, selling some shares to recover its investment. The investment of an original \$5,000.00 can be seen to have a present market of some \$85,000.00.

Campbell Grubstake (1968) and Campbell Grubstake (1969)

The Company has participated in a further unit in the Campbell Grubstake. The Campbell Grubstake (1968) has dealt the 40 claims it held in the Sutton Narrows area of Ontario to the Keevil Mining Group for a royalty of 5¢ per ton on iron products sold, and, on other minerals found, at the Syndicate's option, 3% of a company to be formed, or 1% of the net smelter returns. The Keevil Mining Group are not obligated to do work or bring the claims to lease.

Gould Township Copper Property

This property consists of seven patented mining claims (858 acres) in Gould Township, District of Algoma, Ontario. An inclined shaft has been sunk to a depth of 156 feet. Proven ore accessible to this shaft totals 13,170 tons averaging 5.41% copper over 4'9" width for a length of 192". Other proven reserves total 45,260 tons averaging 3.83% copper, with further possible ore indicated of 60,000 tons averaging 2% copper over 5'4".

This property was optioned on a profit-sharing basis to Copper Concentrators Limited, who made some improvements on the property prior to their becoming bankrupt. A new agreement is being negotiated with Sparton Asbestos Mines Limited, whereby after an examination period, a similar agreement will be entered into to salvage ore from this property.

If in the course of this salvage work, additional ore is discovered warranting continuing large scale production, your Company will receive a worthwhile continuing equity participation in a new company to be formed.

Rideau Feeds Limited

Rideau Feeds Limited operates a feed mill and large hog and poultry operation in Smiths Falls, Ontario. Improved prices for hogs and chickens have enabled the company to improve its financial position, but it continues under the direction of a creditor's committee. Recovery of our investment in this operation will be extremely long term, if ever.

Taylor Television Productions Limited

Continues to operate, but its assets are relatively small and would not equate your Company's investment.

Pere Marquette Petroleums Limited

This Company's two small oil wells and 13 producing gas wells continue to provide it with a nominal income. Staff changes have lead to some improvement in production. It is hoped that new finances can be arranged for this company to capitalize on its large tax loss. The Company is listed on the Calgary Stock Exchange.

LIQUIDATIONS

E. P. Chester Limited (House of Rideau)

We found it necessary to sell our residual interest in this successful company for the sum of \$24,000.00. 210 shares of preferred were previously redeemed for \$2,100.00.

CONCLUSION

We are gratified with the results of the year's operations, operating as the Company does in highly speculative areas. Considering the limited capital available, the Company's performance factor has been very good, and it has been suggested that further funds could be usefully employed. Your Directors are giving consideration to a form of rights offering, which unfortunately would not be available to United States shareholders. If such a proposal is undertaken, information will be provided and would possibly co-incide with the semi-annual report.

Respectfully submitted,

JAMES B. GOAD,
President.

June 12th, 1969.

Resource Exploration & De

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Balance Sheet as

ASSETS

Current:

Cash in banks	\$ 2,461.54	
Marketable securities — at cost (market value \$79,404.84 — Schedule 1)	83,964.75	\$ 86,426.29
Loans receivable — Schedule 2		44,494.88
Investments — Schedule 3		142,064.76

Fixed:

Office equipment	\$2,882.79	
Less — Accumulated depreciation	807.18	2,075.61
Leasehold improvements	633.63	
Less — Accumulated amortization	190.09	443.54
		2,519.15

Other:

Incorporation and organization costs		12,001.16
		<u>\$287,506.24</u>

Approved on behalf of the Board:

J. B. GOAD, Director.

WAYNE H. W. LATTA, Director.

AUDITORS

The Shareholders,
Resource Exploration & Development Company Limited.

We have examined the balance sheet of Resource Exploration & Development Company Limited, retained earnings and source and application of funds for the year ended on that date, and tests of accounting records and other supporting evidence as we considered necessary.

In our opinion and according to the best of our information and the explanation furnished, the balance sheet presents fairly the financial position of the company as at December 31, 1968 and the income statement for the year ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the company.

Toronto, Canada,
January 20, 1969.

Development Company Limited

(Incorporated in the Province of Ontario)

December 31, 1968

LIABILITIES

Current:

Accounts payable and accrued charges	\$ 13,196.34	
Loans payable including accrued interest	13,099.70	
Due to stockbroker	31,184.41	
Income taxes payable	7,408.55	\$ 64,889.00

SHAREHOLDERS' EQUITY

Capital:

Authorized —		
5,000,000 shares without par value —		
maximum consideration	<u>\$ 5,000,000.00</u>	
Allotted —		
2,809,146 shares		\$197,238.51

Retained Earnings:

Exhibit "C"	25,378.73	222,617.24
		<u>\$287,506.24</u>

Contingent Liability:

Guaranty of Loan payable by Rideau	
Feeds Limited <u>\$4,375.00</u>	

REPORT

Development Company Limited as at December 31, 1968 and the statements of profit and loss, and the balance sheet. Our examination included a general review of the accounting procedures and such other information as was available under the circumstances.

In our opinion, the financial statements are given to us and as shown by the books of the company, these financial statements fairly represent the results of its operations and the source and application of its funds for the year then ended, and are consistent with that of the preceding period.

STOWAR & SILBURN,
Public Accountants.

Resource Exploration & Development Company Limited

Statement of Profit and Loss

For the year ended December 31, 1968

Revenue:

Gain on sale of marketable securities	\$67,865.45	
Interest earned	4,982.85	
Income from investment — Monashee Petroleum	81.95	
Dividends received	265.35	
Gain on disposal of investment — 162,500 shares of Newfield Mines Ltd.	2,499.00	\$75,694.60

Expenses:

Accounting and audit	720.00	
Bank charges	18.60	
Depreciation	645.63	
Directors' fees	50.00	
Foreign exchange	62.50	
Interest	4,467.79	
Legal fees	3,437.02	
Management fees	2,400.00	
Public relations	525.00	
Rent	600.00	
Secretarial services	600.00	
Shareholders' information	755.00	
Stationery and office	539.15	
Surveys and reports	125.00	
Taxes, licences and filing fees	257.68	
Telephone	53.00	
Transfer agents, fees and disbursements	10,478.90	
Allowance for losses on loans and investments	18,347.15	44,082.42
Net profit before income taxes		31,612.18
Provision for income taxes		7,408.55
Net profit		<u>\$24,203.63</u>

EXHIBIT "C"

Statement of Retained Earnings

For the year ended December 31, 1968

Balance, December 31, 1967		\$ 991.45
Add:		
Income tax rebates — Predecessor Corporations	\$ 183.65	
Net profit for the year ended December 31, 1968 — Exhibit "B"	24,203.63	24,387.28
Balance, December 31, 1968		<u>\$25,378.73</u>

Resource Exploration & Development Company Limited

Statement of Source and Application of Funds

For the year ended December 31, 1968

Source of Funds:

Sale of 150,000 shares of Min-Ore Mines Limited	\$18,060.00	
Sale of 20,000 shares of Pere Marquette Petroleums Limited	1,200.00	
Net profit for the year	24,203.63	
Sale of 162,500 shares of Newfield Mines Limited	1.00	
Payment of loan to Chesapeake Limited	149.70	
Allowance for loss on loan to Taylor Television	18,347.15	
Redemption of 105 preferred shares of House of Rideau Limited	1,050.00	
Income tax rebates — Predecessor Corporations	183.65	
Depreciation charged to operations	645.63	\$63,840.76

Application of Funds:

Additional investment in E. J. Rivers Grubstake	1,000.00	
Loan to Pere Marquette Petroleums Limited plus accrued interest ...	10,228.20	
Accrued interest on loan to Taylor Television	1,050.00	
Loan to Industrial Washing Equipment	2,000.00	
Loan to Froats Aviation	4,539.48	
Purchase of 1,000 shares — Space Pak International Limited	1,000.00	
Purchase of 1 unit — 1968 Campbell Grubstake	100.00	
50% interest of participation in Kilgour 1968 Grubstake	500.00	
Interest in a syndicate underwrite Palco Exploration Limited	1,000.00	
Interest in Monashee Petroleum project	6,406.19	
Interest in Peel Taxi Limited	1,000.00	
Interest in claims — N. Beth and Clement townships	2,500.00	
Interest in claims — Mt. Laurier, Quebec	500.00	
Organization costs	2,500.00	34,323.87
Increase in Working Capital		\$29,516.89

COMPARATIVE WORKING CAPITAL

Deficit working capital, December 31, 1967	\$(7,979.60)	
Working capital, December 31, 1968	21,537.29	
Increase in Working Capital		\$29,516.89

Note:

As the company was incorporated in June, 1967 and commenced operations July 1, 1967, there is no comparative figures shown for the same period in 1967.

Resource Exploration & Development Company Limited

Marketable Securities

As at December 31, 1968

	No. of Shares	Cost	Market Value
Government of Canada 3% Perpetuals (\$1,600.00)		\$ 1,096.89	\$ 1,096.89
Lynbar Mining Corporation Limited	2,500	6,653.75	1,875.00
Salada Foods Limited	1,000	12,860.00	14,000.00
Marigot Investments Limited	1,000	4,811.26	5,100.00
Fawn Bay Development	5,000	3,055.00	3,055.00
Trihope Resources Limited	1,000	3,843.10	3,750.00
Lytton Minerals Limited	1,000	2,712.90	2,540.00
Northwest Canalask Nickel	10,000	2,665.00	2,500.00
Calico Silver Mines Limited	1,000	1,387.40	1,250.00
Johns-Manville Corporation	250	21,251.20	23,393.91
I.H.C. Corporation	500	23,628.25	20,844.04
		<u>\$83,964.75</u>	<u>\$79,404.84</u>

Loans Receivable

As at December 31, 1968

James Walper	\$ 3,193.45
Tennyson and Richardson	2,675.00
Kissau (\$1,600.00) at nominal value	1.00
Pere Marquette Petroleums Limited (including interest)	25,873.05
Taylor Television Productions Limited (including interest)	5,837.00
Jaguar Explorations Limited	197.84
Pere Marquette Petroleums (Eastern) Limited	178.06
Industrial Washing Equipment	2,000.00
Froats Aviation	4,539.48
	<u>\$44,494.88</u>

SCHEDULE 3

Resource Exploration & Development Company Limited

Investments

As at December 31, 1968

	Cost
8,000 shares — Space Pak International Inc.	\$ 4,000.00
1,000 shares — Space Pak International Limited	1,000.00
720,000 escrowed shares of Rambler Exploration Co. Limited	2,800.00
804,175 free shares of Pere Marquette Petroleums Limited	} 52,403.52
229,100 escrowed shares of Pere Marquette Petroleums Limited	
105 preference shares — House of Rideau Limited	} 22,950.00
100 common shares — House of Rideau Limited	
13,333 preference shares — Rideau Feeds Limited	} 10,000.00
13,334 common shares — Rideau Feeds Limited	
13,266 share warrants — Space Pak International Limited	Nil
6% debentures — York Television Centre Limited	6,292.05
7% debentures — Pax International Mines Limited	3,100.00
40% interest — E. J. Rivers grubstake	2,500.00
1 unit — 1968 Campbell grubstake	100.00
50% interest of participation in Kilgour 1968 grubstake	500.00
1/25 interest in an underwriting syndicate to underwrite Palco Exploration Limited	1,000.00
20% interest of an 80% interest in Monashee Petroleum project	6,406.19
Interest in Peel Taxi Limited	1,000.00
7 patented mining claims — Algoma District, Province of Ontario	25,000.00
40 nickel claims — N. Beth & Clement townships	2,500.00
Deposit on 100 claims — Mt. Laurier, Quebec	500.00
Miscellaneous — at a nominal value of \$1.00 each	13.00
	\$142,064.76

SCHEDULE 4

Schedule of Capital Cost Allowance

For the year ended December 31, 1968

<u>Asset</u>	<u>Class</u>	<u>Un depreciated Capital Cost December 31, 1967</u>	<u>Addi- tions</u>	<u>Dis- posals</u>	<u>Un depreciated Capital Cost before Allowance</u>	<u>Rate</u>	<u>Allowance for the Year</u>	<u>Un depreciated Capital Cost December 31, 1968</u>
Office equipment	8	\$ 2,594.51	—	—	2,594.51	20%	\$ 518.90	2,075.61
						¹ / ₅ original		
Leasehold improvements	13	570.27	—	—	570.27	cost	126.73	443.54
							<u>\$ 645.63</u>	

Report on the Progress of the Project

1. Introduction

2. Objectives of the Project

The project was initiated in 1998 with the aim of developing a comprehensive system for the management of the company's financial resources. The primary objectives of the project were to improve the accuracy of financial reporting, streamline the approval process for capital expenditures, and enhance the overall efficiency of the financial department. To achieve these goals, a detailed analysis of the current financial processes was conducted, and a series of workshops were held with key stakeholders to gather requirements and feedback. The project team, consisting of representatives from the finance, operations, and IT departments, worked closely to design a robust system architecture. This architecture was based on a modular approach, allowing for the integration of existing systems and the addition of new functionality as needed. The development phase of the project involved the creation of a series of modules, each designed to address a specific aspect of the financial management process. These modules were developed using a combination of traditional programming techniques and modern software development practices, such as agile development and test-driven development. The implementation of the system was carried out in a phased manner, with the first module being deployed in 2000 and subsequent modules being added over the following years. Throughout the project, a strong emphasis was placed on communication and collaboration, with regular progress reports being provided to the project steering committee and stakeholders. The project has been a success, with the system now being used by the entire organization to manage financial resources. The system has significantly improved the accuracy of financial reporting, reduced the time taken to approve capital expenditures, and enhanced the overall efficiency of the financial department. The project has also provided a valuable opportunity for the finance, operations, and IT departments to work together and share knowledge, leading to a more integrated and effective organization.

3. Results of the Project

4. Conclusion

The project has been a success, with the system now being used by the entire organization to manage financial resources. The system has significantly improved the accuracy of financial reporting, reduced the time taken to approve capital expenditures, and enhanced the overall efficiency of the financial department. The project has also provided a valuable opportunity for the finance, operations, and IT departments to work together and share knowledge, leading to a more integrated and effective organization. The project team is proud of the achievements and looks forward to continuing to improve the system and the organization's financial management processes.